

**Touche  
Ross**

Deloitte Touche  
Tohmatsu  
International



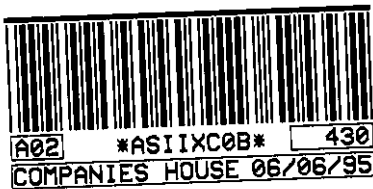
Company Registration No. 1208652

**COMPSTOCK ELECTRONICS LIMITED**

**Report and Financial Statements**

**31 December 1994**

**Touche Ross & Co.  
Cornwallis House  
Instone Road  
Dartford DA1 2AG**



**REPORT AND FINANCIAL STATEMENTS 1994**

	<b>Page</b>
<b>CONTENTS</b>	
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Auditors' report</b>	<b>5</b>
<b>Consolidated profit and loss account</b>	<b>6</b>
<b>Consolidated balance sheet</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Consolidated cash flow statement</b>	<b>9</b>
<b>Combined reconciliation of movements in shareholders' funds and statement of movements on reserves</b>	<b>10</b>
<b>Statement of total recognised gains and losses</b>	<b>11</b>
<b>Note of historical cost profits and losses</b>	<b>11</b>
<b>Notes to the accounts</b>	<b>12</b>



**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J S Walker  
I R Hawkins

**SECRETARY**

M M Lee

**REGISTERED OFFICE**

Compstock House  
London Road  
Stanford-le-Hope  
Essex SS17 OJU

**BANKERS**

Lloyds Bank PLC  
The Green  
Stanford-le-Hope  
Essex SS17 0ER

**SOLICITORS**

Birkett, Westthorp & Long  
20-32 Museum Street  
Ipswich  
Suffolk IP1 1HZ

**AUDITORS**

Touche Ross & Co.  
Chartered Accountants  
Cornwallis House  
Instone Road  
Dartford DA1 2AG



**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

**ACTIVITIES**

The principal activities of the Group are the sale and distribution of electronic components.

**REVIEW OF DEVELOPMENTS**

The strength of the results for 1994 demonstrates further growth and a record level of sales and profitability. The table of historic performance shows how sales, and trading P.B.T. (group profit before tax, excluding profits or losses from the associated company), have moved from 1991 to 1994.

The budget for 1995 indicates the continuation of this upward trend and these numbers are fully supported by the performance in the first quarter of 1995.

	1991 £'000	1992 £'000	1993 £'000	1994 £'000
Sales	3,485	2,874	3,589	4,396
P.B.T.	89	72	158	197
P.B.T. as % of sales	2.55	2.51	4.40	4.48

Further details of the Group's performance are given in the Profit and Loss Account on page 6 and the notes on pages 12 to 15. The position of the Group and the Company is set out in the Balance Sheets on pages 7 and 8 and the notes on pages 16 to 24.

**PRIOR YEAR ADJUSTMENT**

The results for the year ended 31 December 1993 have been amended to reflect the change in accounting policy required by Financial Reporting Standard ("FRS") No.4. Further details are set out in note 24 to the accounts.

**DIVIDENDS AND TRANSFERS TO RESERVES**

The directors have paid a preference dividend of £42,500 (1993 - £42,500). A retained profit of £77,325 (1993 - restated profit £66,745) has been transferred to reserves.

**DIRECTORS**

The directors throughout the year and their interests in the share capital of the company were as follows:

	Ordinary shares of £1	
	31.12.94	1.1.94 (or date of appointment)
J S Walker	109,992	109,992
J S Walker - Fascia Investments Limited Pension Scheme	30,008	30,008
I R Hawkins	-	-

**DIRECTORS' REPORT****DIRECTORS (continued)**

Mrs J E Walker resigned on 17 January 1995.

J S Walker is a beneficiary of Fascia Investments Limited Pension Scheme.

I R Hawkins held a beneficial interest in 9,500 (1993 - 1,500) 8.5% Cumulative Convertible Preference shares and in 5,600 (1993 - nil) 8.5% Cumulative Redeemable Preference shares at 31 December 1994.

**FIXED ASSETS**

Movements in fixed assets are set out in notes 9 and 10 to the accounts.

**AUDITORS**

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

M M Lee  
Secretary

27 April 1995



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for the prevention and detection of fraud and other irregularities.



## Chartered Accountants

Touche Ross & Co.  
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Instone Road  
Dartford DA1 2AG

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## COMPSTOCK ELECTRONICS LIMITED

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 24 which have been prepared under the accounting policies set out on pages 12 and 13.

#### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

TOUCHE ROSS & CO.

Chartered Accountants and  
Registered Auditors  
Dartford

19 May 1995



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1994**

	Note	1994 £	1993 £ As restated (see note 24)
<b>TURNOVER</b>	2	4,395,645	3,589,061
Cost of sales		<u>3,144,222</u>	<u>2,476,446</u>
Gross profit		<u>1,251,423</u>	<u>1,112,615</u>
Distribution costs		(126,556)	(96,863)
Administrative expenses		(872,778)	(837,009)
Other operating income		3,483	26,463
		<u>(995,851)</u>	<u>(907,409)</u>
<b>OPERATING PROFIT</b>	4	255,572	205,206
Income from shares in associated undertaking		(17,072)	(6,720)
Interest payable and similar charges	5	<u>(58,555)</u>	<u>(46,583)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		179,945	151,903
Tax on profit on ordinary activities	6	<u>60,120</u>	<u>42,658</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		119,825	109,245
Non-equity dividends paid and payable	7	<u>42,500</u>	<u>42,500</u>
Profit retained, transferred to reserves		<u>77,325</u>	<u>66,745</u>

All activities derive from continuing operations.

	1994 £	1993 £
<b>Profit on ordinary activities before taxation arises as follows:</b>		
Compstock Electronics Limited	197,017	158,623
Associated undertaking	<u>(17,072)</u>	<u>(6,720)</u>
	<u>179,945</u>	<u>151,903</u>





**CONSOLIDATED BALANCE SHEET**  
**31 December 1994**

	Note	1994 £	1993 £ As restated (see note 24)
<b>FIXED ASSETS</b>			
Tangible assets	9	584,966	594,287
Investments	10	87,560	93,398
		<u>672,526</u>	<u>687,685</u>
<b>CURRENT ASSETS</b>			
Stocks	11	848,084	806,354
Debtors	12	988,404	929,197
Cash at bank and in hand		1,905	8,250
		<u>1,838,393</u>	<u>1,743,801</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>1,197,728</u>	<u>1,158,420</u>
<b>NET CURRENT ASSETS</b>		<u>640,665</u>	<u>585,381</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS: amounts falling due after more than one year</b>	14	220,000	220,000
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	5,300	-
		<u>1,087,891</u>	<u>1,053,066</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	640,000	640,000
Revaluation reserve		372,953	382,398
Other reserves		21,250	63,750
Profit and loss account		53,688	(33,082)
<b>Shareholders' funds</b>		<u>1,087,891</u>	<u>1,053,066</u>
Equity shareholders' funds		566,641	489,316
Non-equity shareholders' funds		521,250	563,750
		<u>1,087,891</u>	<u>1,053,066</u>

These financial statements were approved by the Board of Directors on 27 April 1995

Signed on behalf of the Board of Directors

J S Walker  
Director

I R Hawkins  
Director



**BALANCE SHEET**  
**Year ended 31 December 1994**

	Note	1994 £	1993 £ As restated (see note 24)
<b>FIXED ASSETS</b>			
Tangible assets	9	584,966	584,530
Investments	10	82,361	77,283
		<u>667,327</u>	<u>661,813</u>
<b>CURRENT ASSETS</b>			
Stocks	11	848,084	485,570
Debtors	12	1,249,749	732,249
Cash at bank and in hand		1,905	8,011
		<u>2,099,738</u>	<u>1,225,830</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>1,548,757</u>	<u>720,376</u>
<b>NET CURRENT ASSETS</b>		<u>550,981</u>	<u>505,454</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		1,218,308	1,167,267
<b>CREDITORS: amounts falling due after more than one year</b>	14	220,000	220,000
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	5,300	-
		<u>993,008</u>	<u>947,267</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	640,000	640,000
Revaluation reserve		337,875	345,207
Other reserves		21,250	63,750
Profit and loss account		(6,117)	(101,690)
<b>Shareholders' funds</b>		<u>993,008</u>	<u>947,267</u>
Equity shareholders' funds		471,758	383,517
Non-equity shareholders' funds		521,250	563,750
		<u>993,008</u>	<u>947,267</u>

These financial statements were approved by the Board of Directors on 27 April 1995

Signed on behalf of the Board of Directors

J S Walker  
Director

I R Hawkins  
Director



**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1994**

	Note	1994 £	1993 £
<b>Net cash inflow from operating activities</b>	17	<u>453,894</u>	<u>326,895</u>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(58,555)	(46,583)
Dividends received from associated undertaking		-	1,163
Dividends paid		<u>(85,000)</u>	<u>(127,500)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(143,555)</u>	<u>(172,920)</u>
<b>Taxation</b>			
Corporation tax paid (included ACT)		<u>(44,876)</u>	<u>(38,365)</u>
<b>Tax paid</b>		<u>(44,876)</u>	<u>(38,365)</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(34,018)	(5,534)
Purchase of fixed asset investments		<u>(5,078)</u>	<u>(5,078)</u>
<b>Net cash outflow from investing activities</b>		<u>(39,096)</u>	<u>(10,612)</u>
<b>Net cash inflow before financing</b>		<u>226,367</u>	<u>104,998</u>
<b>Financing</b>			
Capital element of hire purchase payments		<u>-</u>	<u>(6,696)</u>
<b>Net cash (outflow) from financing</b>		<u>-</u>	<u>(6,696)</u>
<b>Increase in cash and cash equivalents</b>	18	<u>226,367</u>	<u>98,302</u>


**COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
AND STATEMENT OF MOVEMENTS ON RESERVES**
**Year ended 31 December 1994**

	Issued share capital £	Revalua- tion reserve £	Other reserve £	Profit and loss account £	Total 1994 £	Total 1993 £  as restated (see note 24)
<b>THE GROUP</b>						
Balance at 1 January 1994						
As previously reported	640,000	382,398	-	30,668	1,053,066	1,034,130
Prior period adjustment (see note 24)	-	-	63,750	(63,750)	-	(85,000)
As restated	640,000	382,398	63,750	(33,082)	1,053,066	949,130
Profit attributable to members of the company	-	-	-	119,825	119,825	109,245
Dividends paid and payable	-	-	(42,500)	(42,500)	(85,000)	(42,500)
Transfer from revaluation reserve	-	(9,445)	-	9,445	-	-
Share of associated company revaluation reserve	-	-	-	-	-	37,191
Balance at 31 December 1994	640,000	372,953	21,250	53,688	1,087,891	1,053,066
<b>THE COMPANY</b>						
Balance at 1 January 1994						
As previously reported	640,000	345,207	-	(37,940)	947,267	1,018,998
Prior period adjustment (see note 24)	-	-	63,750	(63,750)	-	(85,000)
As restated	640,000	345,207	63,750	(101,690)	947,267	933,998
Profit attributable to members of the company	-	-	-	130,741	130,741	55,769
Dividends paid and payable	-	-	(42,500)	(42,500)	(85,000)	(42,500)
Transfer from revaluation reserve	-	(7,332)	-	7,332	-	-
Balance at 31 December 1994	640,000	337,875	21,250	(6,117)	993,008	947,267



**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 1994**

	1994 £	1993 £
Profit for the financial year	119,825	109,245
Group's share of revaluation reserve of associated undertaking	-	37,191
	<u>119,825</u>	<u>146,436</u>
Total recognised gains and losses relating to the year	<u>119,825</u>	<u>146,436</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**Year ended 31 December 1994**

	1994 £	1993 £ As restated (see note 24)
Profit on ordinary activities before taxation	179,945	151,903
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	7,332	7,332
	<u>187,277</u>	<u>159,235</u>
Historical cost profit on ordinary activities before taxation	<u>187,277</u>	<u>159,235</u>
Historical cost (loss)/profit retained for the year after taxation and dividends	<u>84,657</u>	<u>74,077</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994****1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention modified by the revaluation of freehold property.

**Basis of consolidation**

The consolidated financial statements incorporate the results of the parent company and all its subsidiaries.

**Tangible fixed assets**

Depreciation is provided to write off the cost or valuation of tangible fixed assets except freehold land in equal annual instalments over their estimated useful lives at the following rates:

Fixtures and fittings	-	10%
Motor vehicles	-	20%
Computer equipment	-	33%
Freehold building	-	2%
Freehold building additions	-	10%

**Stocks**

Stocks are stated at the lower of weighted average price and net realisable value.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Foreign currencies**

Transactions denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in the operating profit. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. These translation differences are dealt with in the profit and loss account.

**Leases**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**1. ACCOUNTING POLICIES (continued)**

**Goodwill**

Goodwill arising on consolidation is written off direct to reserves in the year in which it arises.

**Pension costs**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

**Investments**

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

In the consolidated accounts, shares in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax losses and attributable taxation of the associates based on financial statements for the period ended 31 December 1994. In the consolidated balance sheet, the shares in associates are shown at the Group's shares of the net assets.

**Capital instruments**

Capital instruments are accounted for and classified as equity or non-equity share capital and debt according to their form. Provision is made for the accrued premium payable on redemption of non-equity interests.

**2. TURNOVER**

Turnover represents the value of goods invoiced, excluding value added tax. The analysis of turnover by geographical location is as follows:

	1994 £	1993 £
United Kingdom	3,994,645	2,929,061
Overseas	401,000	660,000
	<u>4,395,645</u>	<u>3,589,061</u>

**3. INFORMATION REGARDING DIRECTORS AND  
EMPLOYEES**

	1994 £	1993 £
<b>Directors' emoluments:</b>		
Fees	-	-
Other emoluments and pension contributions	52,000	52,000
	<u>52,000</u>	<u>52,000</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**3. INFORMATION REGARDING DIRECTORS AND  
EMPLOYEES (continued)**

	1994 £	1993 £
Remuneration of the Chairman and highest paid director	44,000	44,000
	£	£
<b>Employee costs during the year:</b>		
Wages and salaries	492,621	433,048
Social security costs	43,786	37,906
Other pension costs	19,535	19,589
	<u>555,942</u>	<u>490,543</u>
	No.	No.
<b>Average number of persons employed:</b>		
Office and management	29	27
Stores	5	4
	<u>34</u>	<u>31</u>

**Pension costs**

With effect from 5 April 1992, the group operated a defined contribution scheme for certain employees. Prior to that date the group operated target benefit schemes which were funded in accordance with actuarial advice.

All the assets of the defined contribution scheme are held in a separate fund administered by London and Manchester Pensions for the benefit of the members of the scheme, and employers' contributions are charged to profit and loss account as they are incurred.

**4. OPERATING PROFIT**

	1994 £	1993 £
<b>Operating profit is after charging:</b>		
Rentals under operating leases		
Hire of plant and machinery	47,435	41,676
Other operating leases	16,502	16,502
Depreciation		
- own assets	43,339	43,319
Auditors' remuneration	17,000	16,000
	<u>17,000</u>	<u>16,000</u>





**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	1994	1993
	£	£
Interest on mortgage	18,572	19,984
Interest on bank overdrafts and other short term loans	39,983	26,599
	<u>58,555</u>	<u>46,583</u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1994	1993
	£	£
United Kingdom corporation tax at 25% (1993 - 25%) based on the profit for the year	61,000	41,300
Deferred tax	1,400	-
Associated undertaking	(6,157)	1,432
Adjustment in respect of prior years' tax		
Corporation tax	(23)	(74)
Deferred tax	3,900	-
	<u>60,120</u>	<u>42,658</u>

**7. NON-EQUITY DIVIDENDS**

	1994	1993
	£	£
<b>Paid and payable</b>		
8.5% cumulative convertible preference shares	25,500	25,500
8.5% cumulative redeemable preference shares	17,000	17,000
	<u>42,500</u>	<u>42,500</u>

**8. PROFIT OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act 1985, a profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounts to £130,741 (1993 - £55,769)



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**9. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Motor vehicles £	Computer equipment £	Fixtures and fittings £	Total £
<b>THE GROUP</b>					
<b>Cost or valuation</b>					
1 January 1994	580,827	20,587	165,631	246,517	1,013,562
Additions	-	-	19,400	14,618	34,018
Reclassification	-	-	3,534	(3,534)	-
<b>At 31 December 1994</b>	<u>580,827</u>	<u>20,587</u>	<u>188,565</u>	<u>257,601</u>	<u>1,047,580</u>
<b>At cost</b>	35,827	20,587	188,565	257,601	502,580
<b>At valuation</b>	<u>545,000</u>	-	-	-	<u>545,000</u>
<b>At 31 December 1994</b>	<u>580,827</u>	<u>20,587</u>	<u>188,565</u>	<u>257,601</u>	<u>1,047,580</u>
<b>Depreciation</b>					
1 January 1994	94,990	13,007	136,321	174,957	419,275
Charge for year	14,483	2,332	16,463	10,061	43,339
Reclassification	-	-	3,530	(3,530)	-
<b>At 31 December 1994</b>	<u>109,473</u>	<u>15,339</u>	<u>156,314</u>	<u>181,488</u>	<u>462,614</u>
<b>Net book value</b>					
<b>At 31 December 1994</b>	<u>471,354</u>	<u>5,248</u>	<u>32,251</u>	<u>76,113</u>	<u>584,966</u>
<b>At 31 December 1993</b>	<u>485,837</u>	<u>7,580</u>	<u>29,310</u>	<u>71,560</u>	<u>594,287</u>

Included in the above are fully depreciated assets still in use with an original cost of £326,600.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**9. TANGIBLE FIXED ASSETS (continued)**

	Freehold land and buildings £	Motor vehicles £	Computer equipment £	Fixtures and fittings £	Total £
<b>THE COMPANY</b>					
<b>Cost or valuation</b>					
1 January 1994	580,827	20,587	165,631	206,985	974,030
Transfers from subsidiary at 30 September 1994	-	-	3,534	36,901	40,435
Additions	-	-	15,866	17,249	33,115
Reclassification	-	-	3,534	(3,534)	-
At 31 December 1994	<u>580,827</u>	<u>20,587</u>	<u>188,565</u>	<u>257,601</u>	<u>1,047,580</u>
At cost	35,827	20,587	188,565	257,601	502,580
At valuation	<u>545,000</u>	-	-	-	<u>545,000</u>
At 31 December 1994	<u>580,827</u>	<u>20,587</u>	<u>188,565</u>	<u>257,601</u>	<u>1,047,580</u>
<b>Depreciation</b>					
1 January 1994	94,990	13,007	136,321	145,182	389,500
Transfers from subsidiary at 30 September 1994	-	-	3,530	28,277	31,807
Charge for year	14,483	2,332	12,933	11,559	41,307
Reclassification	-	-	3,530	(3,530)	-
At 31 December 1994	<u>109,473</u>	<u>15,339</u>	<u>156,314</u>	<u>181,488</u>	<u>462,614</u>
<b>Net book value</b>					
At 31 December 1994	<u>471,354</u>	<u>5,248</u>	<u>32,251</u>	<u>76,113</u>	<u>584,966</u>
At 31 December 1993	<u>485,837</u>	<u>7,580</u>	<u>29,310</u>	<u>61,803</u>	<u>584,530</u>

In March 1989, Countrywide Surveyors valued the land and buildings at an open market value of £545,000. The directors incorporated this valuation in the financial statements as at 31 December 1988.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**9. TANGIBLE FIXED ASSETS (continued)**

	<b>Land and buildings £</b>
<b>THE GROUP AND COMPANY</b>	
<b>Comparable amounts determined according to the historical cost convention:</b>	
Cost	214,230
Accumulated depreciation	<u>(80,751)</u>
<b>Net book value</b>	
At 31 December 1994	<u>133,479</u>
At 31 December 1993	<u>140,630</u>

**10. INVESTMENTS**

	<b>1994 £</b>	<b>The Group 1993 £</b>	<b>1994 £</b>	<b>The Company 1993 £</b>
Shares in group companies	-	-	26,893	26,893
Interest in associated undertaking	57,092	68,008	25,000	25,000
Endowment at cost	30,468	25,390	30,468	25,390
	<u>87,560</u>	<u>93,398</u>	<u>82,361</u>	<u>77,283</u>

Additional information in respect of investments for which there have been movements during the year:

	<b>Interest in associated undertaking £</b>	<b>Shares in group companies £</b>	<b>Endowment £</b>
Balance at 1 January 1994	68,008	26,893	25,390
Additions	-	-	5,078
Group's share of undistributed post acquisition losses	<u>(10,916)</u>	<u>-</u>	<u>-</u>
Balance at 31 December 1994	<u>57,092</u>	<u>26,893</u>	<u>30,468</u>

The cumulative amount of goodwill which has been written off in respect of these investments is £59,918 (1993 - £59,918).

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**10. INVESTMENTS (continued)**

**Particulars of subsidiaries are as follows:**

<b>Name of company</b>	<b>Class and proportion of equity held</b>	
Fascia Investments Limited (dormant)	£1 ordinary shares	100%
AEL Components Limited (dormant)	£1 ordinary shares	100%
G W Stewart Holdings Limited (dormant)	£1 ordinary shares	100%
Stewart Electronics Limited	£1 ordinary shares	100%

All subsidiaries are registered in England and Wales. The principal activity of Stewart Electronics Limited is the distribution of electronic components. The activities of the company have (with effect from 30 September 1994) been transferred to Compstock Electronics Limited.

**Particulars of associated undertaking**

The company holds 25% of the voting ordinary share capital of RCL Components Limited, a company registered in England and Wales. The principal activity of this company is the manufacture of electrical suppression components for the automotive, domestic and industrial markets.

**11. STOCKS**

Stocks comprise bought in goods held for resale.

**12. DEBTORS**

	<b>1994</b>	<b>The Group 1993</b>	<b>1994</b>	<b>The Company 1993</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	913,233	870,734	913,233	573,622
Amounts owed by group companies				
- subsidiaries	-	-	274,172	125,317
Other debtors	18,682	15,495	5,855	2,668
Prepayments	56,489	42,968	56,489	30,642
	<b>988,404</b>	<b>929,197</b>	<b>1,249,749</b>	<b>732,249</b>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN  
YEAR**

	1994 £	The Group 1993 £	1994 £	The Company 1993 £
Bank overdraft	1,711	345,528	1,711	161,024
Amounts advanced under discounting facility	111,105	-	111,105	-
Trade creditors	868,628	686,608	868,628	460,800
Amounts owed to group companies				
- subsidiary	-	-	351,681	2,591
- associated undertaking	34,508	8,124	34,508	8,124
Other creditors	43,256	29,332	43,104	20,233
Taxation and social security	112,100	61,125	112,100	50,237
Accruals	26,420	27,703	25,920	17,367
	<u>1,197,728</u>	<u>1,158,420</u>	<u>1,548,757</u>	<u>720,376</u>

The TSB holds a floating charge over the book debts of Compstock Electronics Limited. Lloyds Bank holds a floating charge over all assets of Compstock Electronics Limited. There are no cross-guarantees in place.

**14. CREDITORS: AMOUNTS FALLING DUE AFTER  
MORE THAN ONE YEAR**

	1994 £	The Group and Company 1993 £
Mortgage	<u>220,000</u>	<u>220,000</u>

The mortgage is secured on buildings and is repayable by 27 September 2013 by way of an endowment assurance policy with interest payable at the Sun Alliance Loan Rate.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**15. CALLED UP SHARE CAPITAL**

	<b>The Group and Company</b>	
	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
<b>Authorised, allotted and fully paid</b>		
8.5% Cumulative convertible preference shares of £1 each	300,000	300,000
8.5% Cumulative redeemable preference shares of £1 each	200,000	200,000
Ordinary shares of £1 each	140,000	140,000
	<u>640,000</u>	<u>640,000</u>

The cumulative redeemable preference shares are redeemable by the company at par value in five annual instalments, commencing in 1992 or immediately in the event of a sale of the business or a refinancing. The company may also voluntarily redeem the shares at any time. Where the company is unable to redeem the preference shares on the stipulated date, it must do so as soon thereafter as it is able. In the meantime it must not make any distribution of distributable profits except for the fixed preference dividend.

The cumulative convertible preference shares have conversion rights in the event of the sale or refinancing of the business. The conversion rate is to be determined in accordance with a formula detailed in the Articles of Association. Following conversion the ordinary shares will rank pari passu in all respect with the other ordinary shares in the company.

All preference shareholders are entitled to receive a fixed cumulative dividend at the rate of 8.5 percent per annum (exclusive of any associated tax credit) on the nominal amount.

The redeemable preference shares rank ahead of the convertible preference shares as regards return of capital and payment of dividends. After repayment of their nominal value and any accrued unpaid dividend the convertible preference shares have a right of participation in the assets of the company as though they had been converted into ordinary shares. The preference shares do not carry voting rights unless the preference dividends are in arrears or, in the case of the redeemable preference shares, any redemption instalments due have not been paid.

Dividends on ordinary shares are only payable after dividends on preference shares. In the event of any distributions as a result of a winding up of the company or other return of capital, the ordinary shareholders will be entitled, alongside the convertible preference shareholders, to the balance of any amounts after payments to the preference shareholders.

Ordinary shares carry the right to one vote per £1 in nominal value.

Further particulars of the rights of each class of share are contained in the Articles of Association of the company.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**16. PROVISION FOR LIABILITIES AND CHARGES**

The amounts of deferred taxation provided and not provided in the financial statements are:

	The Group and Company 1994		The Group and Company 1993	
	Provided £	Not provided £	Provided £	Not provided £
Capital allowances in excess of depreciation	5,300	-	-	-
Surplus on revaluation	-	21,000	-	40,000
	<u>5,300</u>	<u>21,000</u>	<u>-</u>	<u>40,000</u>
		£		
Balance at 1 January 1994		-		
Current period charge		1,400		
Adjustment in respect on prior periods		3,900		
Balance at 31 December 1994		<u>5,300</u>		

**17. RECONCILIATION OF OPERATING PROFIT TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES**

	1994 £	1993 £
Operating profit	255,572	205,206
Depreciation	43,339	13,319
Decrease in stock	(41,730)	34,531
(Increase) in debtors	(59,207)	(121,569)
Increase in creditors	255,920	195,408
Net cash inflow from operating activities	<u>453,894</u>	<u>326,895</u>





**NOTES TO THE ACCOUNTS**

**Year ended 31 December 1994**

**18. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	1994 £	1993 £
Balance at 1 January 1994	(337,278)	(435,580)
Net cash inflow (see note 19)	226,367	98,302
Balance at 31 December 1994	<u>(110,911)</u>	<u>(337,278)</u>

**19. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	1994 £	1993 £	Change in year £
Cash at bank and in hand	1,905	8,250	(6,345)
Bank overdraft	(1,711)	(345,528)	343,817
Amounts advanced under discounting facility	(111,105)	-	(111,105)
	<u>(110,911)</u>	<u>(337,278)</u>	<u>226,367</u>

**20. CONTINGENT LIABILITIES**

	<b>The Group and Company</b>	
	1994 £	1993 £
Deferred duty	30,000	30,000
Performance bonds	-	-
	<u>30,000</u>	<u>30,000</u>

**21. CAPITAL COMMITMENTS**

At 31 December 1994 the company and group had contracted £1,475 (1993 - £304) which is not provided in the financial statements.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**22. OPERATING LEASE COMMITMENTS**

At 31 December 1994, the group was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and buildings</b>	<b>Other</b>
	<b>£</b>	<b>£</b>
<b>Leases which expire:</b>		
Within one year	-	22,772
Within 2 to 5 years	16,500	19,360
	<u>16,500</u>	<u>42,132</u>

**23. TRANSACTIONS WITH DIRECTORS**

Details of transactions with directors are set out in the Directors' report.

**24. PRIOR PERIOD ADJUSTMENT**

The prior period adjustment represents the effect of a change in accounting policy for dividends payable on cumulative preference shares, following the issue in December 1993 of FRS4 "Capital instruments". Consequently the comparative figures has been restated.

The dividend on the preference shares amounts to £42,500 per annum. In the past, this appropriation of profit would have been shown on the face of the profit and loss account in the period in which it was paid. However, FRS4 required cumulative dividends to be accounted for on an accruals basis until such time as they are paid. This has resulted in a reserve transfer of £63,750 from the profit and loss account reserve to an other reserve. As the company pays its accrued arrears, the balance on this reserve will reduce.